

**CITY OF WINFIELD**

**INDEPENDENT ACCOUNTANT'S REPORT  
ON APPLYING AGREED-UPON PROCEDURES**

**FOR THE PERIOD  
JULY 1, 2013 THROUGH JUNE 30, 2014**

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**City of Winfield**

**Officials**

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
<u>(Before December 2013)</u>		
Chris Finnell	Mayor	Dec 2015
Jan Walter	Council Member	Dec 2013
Ryan Rees	Council Member	Dec 2013
Roger Sharp	Council Member	Dec 2015
Ryan Kinneberg	Council Member	Dec 2013
Kathy Nelson	Council Member	Dec 2015
Angie Oepping	City Clerk	Indefinite
Leonard Hesseltine	Treasurer	Indefinite
Wyatt Peterson	City Attorney	Indefinite
<u>(After December 2013)</u>		
Chris Finnell	Mayor	Dec 2015
Jan Walter	Council Member	Dec 2017
Ryan Rees	Council Member	Dec 2017
Roger Sharp	Council Member	Dec 2015
Addison Schmitz	Council Member	Dec 2017
Kathy Nelson	Council Member	Dec 2015
Angie Oepping	City Clerk	Indefinite
Leonard Hesseltine	Treasurer	Indefinite
Wyatt Peterson	City Attorney	Indefinite

# **TED M. WIEGAND, CPA**

606 East Madison Street  
Mount Pleasant, Iowa 52641

## Independent Accountant's Report on Applying Agreed-Upon Procedures

To the Honorable Mayor  
and Members of the City Council:

I have performed the procedures enumerated below which were established pursuant to Chapter 11.6 of the Code of Iowa enacted by the Iowa Legislature to provide oversight of certain Iowa cities. Accordingly, I have applied certain tests and procedures to selected accounting records and related information of the City of Winfield for the period July 1, 2013 through June 30, 2014. The City of Winfield's management, which agreed to the performance of the procedures performed, is responsible for the City's records.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards for attestation engagements contained in Government Auditing Standards, issued by the Comptroller General of the United States. The sufficiency of these procedures is solely the responsibility of those parties specified in the report. Consequently, I make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures I performed are summarized as follows:

1. I reviewed selected City Council meeting minutes for compliance with Chapters 21, 372.13(6) and 380 of the Code of Iowa.
2. I reviewed the City's internal controls to determine if proper control procedures are in place and incompatible duties, from a control standpoint, are not performed by the same employee.
3. I reviewed surety bond coverage for compliance with Chapter 64 of the Code of Iowa.
4. I obtained and reviewed the City Clerk's financial reports and selected bank reconciliations to determine whether the bank balances properly reconciled to the general ledger account balances and monthly financial reports provided to the City Council.
5. I reviewed City funds for consistency with the City Finance Committee's recommended Uniform Chart of Accounts (COA) and to determine required funds and fund balances are properly maintained and accurately accounted for.
6. I reviewed the City's fiscal year 2013 Annual Financial Report to determine whether it was completed and accurately reflects the City's financial information.
7. I reviewed investments to determine compliance with Chapter 12B of the Code of Iowa.
8. I reviewed compliance with Chapters 12C.2, 12B.10B and 556.1(12) of the Code of Iowa pertaining to required depository resolutions, investment policy and reporting of unclaimed property to the State of Iowa.
9. I reviewed debt, including general obligation and revenue bonds/notes, and related transactions for proper authorization and compliance with Chapters

75, 384 and 403.9 of the Code of Iowa and to determine whether the debt and related proceeds and repayments were properly accounted for.

10. I reviewed and tested selected tax increment financing (TIF) transactions, including receipts, disbursements and transfers, for compliance and accurate accounting, including compliance with the TIF reporting requirements of Chapter 384.22 of the Code of Iowa.
11. I reviewed the City's TIF debt certification forms filed with the County Auditor, including requests for collection of reduced TIF amounts and to decertify certain TIF obligations, as applicable, for proper support and compliance with Chapter 403.19(6) of the Code of Iowa.
12. I reviewed and tested selected receipts for accurate accounting and consistency with the recommended COA.
13. I reviewed and tested selected disbursements for proper approval, adequate supporting documentation, accurate accounting and consistency with the recommended COA and compliance with the public purpose criteria established by Article III, Section 31 of the Constitution of the State of Iowa.
14. I reviewed and tested selected payroll and related transactions for propriety, proper authorization and accurate accounting.
15. I reviewed the annual certified budget for proper authorization, certification and timely amendment.

Based on the performance of the procedures described above, I identified various recommendations for the City. My recommendations are described in the Detailed Recommendations section of this report. Unless reported in the Detailed Recommendations, items of non-compliance were not noted during the performance of the specific procedures listed above.

I was not engaged to and did not conduct an audit of the City of Winfield, the objective of which is the expression of opinions on the City's financial statements. Accordingly, I do not express opinions on the City's financial statements. Had I performed additional procedures, or had I performed an audit of the City of Winfield, additional matters might have come to my attention that would have been reported to you.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of the City of Winfield and other parties to whom the City of Winfield may report. This report is not intended to be and should not be used by anyone other than these specified parties.

I would like to acknowledge the many courtesies and assistance extended to me by personnel of the City of Winfield during the course of my agreed-upon procedures. Should you have any questions concerning any of the above matters, I shall be pleased to discuss them with you at your convenience.

TED M. WIEGAND, CPA

February 6, 2015

City of Winfield

Detailed Recommendations

For the Period July 1, 2013 through June 30, 2014

- (A) Segregation of Duties – One important aspect of internal control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. I noted that segregation of duties was inadequate for the cash, investments, long term debt, receipts, disbursements, payroll, and reporting cycles.

Recommendation – I realize segregation of duties is difficult with a limited number of employees. The City should review its control procedures to obtain the maximum internal control possible under the circumstances utilizing currently available staff, including elected officials. I recommend the City Treasurer review monthly bank reconciliations, and this review should be evidenced by the Treasurer's signature or initials and the date of the review.

- (B) Reconciliation of Utility Billings, Collections and Delinquent Accounts - Utility billings, collections and delinquent accounts were not reconciled throughout the year.

Recommendation – Procedures should be established to reconcile utility billings, collections and delinquent accounts for each billing period. The City Council or other independent person designated by the City Council should review the reconciliations and monitor delinquent accounts. The review should be documented by the signature or initials of the reviewer and the date of the review.

- (C) Payment of General Obligation Bonds – Principal and interest on the City's general obligation water improvement and refunding bonds were paid from the Special Revenue, TIF Fund. Chapter 384.4 of the Code of Iowa states, in part, "Moneys pledged or available to service general obligation bonds, and received from sources other than property tax, must be deposited in the debt service fund."

Recommendation – The City should transfer from the Special Revenue, TIF Fund to the Debt Service Fund for future funding contributions. Payments on the bonds should be made from the Debt Service Fund as required.

- (D) Tax Increment Financing – The City listed certified TIF obligation amounts on Form 2 of the Tax Increment Debt Certificate but should have reported these amounts on Form 1. Form 2 is for reporting the reduction of the TIF request if or when the total amount of the legally available TIF increment tax was not wanted.

Recommendation – The City should be report TIF amounts on the appropriate forms in the future.

- (E) Clerk's Monthly Report to Council – The Clerk's monthly report to the council did not include:

- (1) Cash and investment balances by fund
- (2) Budget versus actual expenditures comparison by function and by fund
- (3) Accrued interest on library CD, which was \$98.35 as of June 30, 2014

Recommendation – The Clerk should include cash and investment balances by fund, a budget versus actual expenditure comparison by function and fund, and any accrued interest on the library CD on the monthly reports to the Council.

City of Winfield

Detailed Recommendations

For the Period July 1, 2013 through June 30, 2014

- (F) Annual Financial Report – I noted certain misstatements reported on the June 30, 2014 Annual Financial Report:

- (1) The petty cash/change fund of \$50 is not included in the cash balance total
- (2) Reconciling item of \$195.02 for an old NSF check from August 2013 was included
- (3) Tax revenue of \$47,836 reported under Special Revenue Fund instead of General Fund, and a transfer of \$47,836 from Special Revenue to General
- (4) Debt of \$765,000 reported as TIF revenue debt instead of General Obligation Debt, in part V of the Report
- (5) Service fees of \$1,812.50 reported as interest paid in part V of the Report
- (6) Fire equipment debt payments of \$8,414 reported under the debt service function instead of public safety, giving the appearance that the budget for the debt service function was exceeded, when it was not actually exceeded

Recommendation - The City hires a CPA to prepare the Annual Financial Report each year. I recommend that the Clerk work more closely with the CPA in ensuring the Annual Financial Report is correct before submitting the Report, or else that the Clerk prepare the Annual Financial Report herself.

- (G) Petty Cash – I noted an excess of \$3.82 in the petty cash fund. City personnel have not regularly counted and reconciled the \$50 petty cash fund.

Recommendation – The Clerk should count and reconcile the cash fund on a monthly basis. If the count and reconciliation reveals errors, the Clerk should investigate and resolve any errors on a monthly basis.